

## Nikkei 225 in November

As of the end of November, the Nikkei Stock Average (Nikkei 225) stood at 9446.01 up 517.72 points, or 5.8%, from the end of October. The surge is in line with the Yen depreciation since Shinzo Abe, president of the Liberal Democratic Party which is expected to be the leading party after the general election in Dec, demanded further BOJ's monetary easing. Expected positive impact of Yen declining on profitability of Japanese exporters pushed the Nikkei 225 up to above 9000 level on November 16th.

## This month's Topic : Nikkei 225 Total Return Index

### The largest impact of dividends to increase the index in 2012

Nikkei Inc. began calculating and publishing the Nikkei 225 Total Return Index (Nikkei 225 Total Return) from December 3, 2012. The index value on the day was 13440.95 points, up 14.16% since end of the last year. The index was calculated back to the end of year in 1979.

Since the Nikkei 225 Total Return includes dividend incomes from the constituent stocks, it usually outperforms the Nikkei 225 (price index) by the dividends. Comparing the yearly returns between the two indices shows clearly the dividend impacts to increase the Total Return Index (Figure 1). In 2012, up to December 3rd, the return of the Total Return Index was larger than that of the Nikkei 225 by 2.30 percentage points, the largest level since 1980.

As the the index reflects reinvestment of all received dividends with its component weights of the Nikkei 225 on the ex-dividend dates, the performance could be affected by changes in the price index after the reinvestment. Figure 2 compares the performance of the index (reinvesting dividends) with the other (keep dividends). In 2012, on Dec 3<sup>rd</sup>, the difference was plus 0.01 percentage points, which indicates the positive effect of the reinvestment.

In Japan, it is common for companies not to fix the dividends paying to the shareholders on the ex-dividend dates. Therefore the dividends for the index calculation are estimated value on the ex-dates, then they could be changed when they are fixed. On December 3<sup>rd</sup> In 2012, 4.43 points was increased on the index since the ex-dates. Such increases have been usual for the component stocks so far.

Figure 1. Difference between Total Return and Nikkei 225 (price index), annual basis

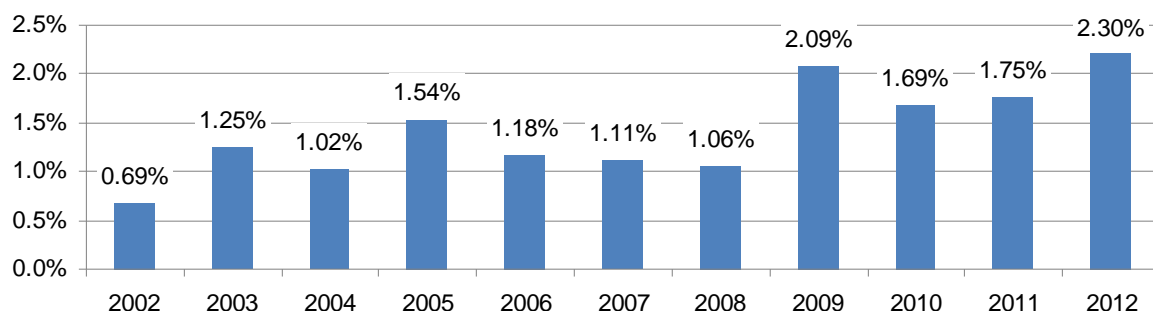
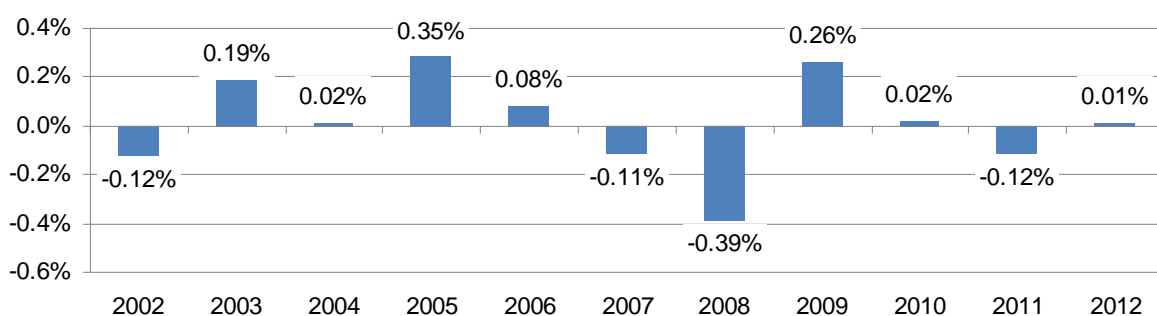


Figure 2. Difference between Total Return and return not reinvesting dividends



To learn more about the Nikkei 225 Total Return Index, please [visit here](#).

○Nikkei 225 and its derived indices

(Data as of end of November)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	9446.01	5.80%	0.05%	1.03%	10255.15	27-Mar	8295.63	4-Jun
Nikkei 225 VI (Volatility)	17.11	-9.99%	-0.05%	4.91%	30.93	4-Jun	16.71	14-Nov
Nikkei 225 Covered Call	9350.05	5.69%	0.04%	0.94%	9993.99	27-Mar	8166.45	4-Jun
Nikkei 225 Risk Control	11678.85	4.28%	0.03%	0.66%	12255.86	27-Mar	10711.47	25-Jul
Nikkei 225 Leveraged	4180.80	11.69%	0.10%	2.06%	5023.30	27-Mar	3266.86	4-Jun
Nikkei 225 Inverse	5869.68	-5.69%	-0.05%	1.03%	6773.84	16-Jan	5511.00	27-Mar

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 Dividend Point	192.76	7.68%	206.81	2008	81.35	2002

○Benchmark and other indices

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 300	158.43	5.44%	0.04%	1.00%	176.27	27-Mar	141.08	4-Jun
Nikkei China Related 50	870.15	7.40%	0.03%	1.28%	1024.28	27-Mar	768.10	11-Oct
Nikkei 500 Average	813.99	3.64%	0.04%	0.85%	863.79	27-Mar	721.87	4-Jun
Nikkei Japan 1000	919.32	5.28%	0.03%	1.00%	1025.25	27-Mar	818.37	4-Jun
Nikkei JASDAQ Average	1367.90	1.74%	0.07%	0.50%	1402.75	2-May	1185.44	12-Jan

Note: Avg Return and Volatility are calculated on the daily return for the past 1 year.

"Change" in the Nikkei 225 Dividend Point Index indicates a comparison with the value at the end of November 2011.

Historical High and Low in the dividend index were based on the values in the same month since 1998.

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